

# Co-operative Farming and Banking Proves Profitable in Europe

By HUGH WOODSTOCK

**AS ENGLAND** is a trading nation, co-operation among workers naturally followed along trade lines there and proved a success, as shown in last week's issue of this magazine. In other European countries, largely agricultural, co-operation among farmers developed in as marked a degree as did co-operation in trading in England. This article tells about it in Russia, and elsewhere; also about co-operative banking in Germany.

**I**N LAST week's issue of THE DEARBORN INDEPENDENT I told of the success of co-operative stores in England, how 24 flannel weavers started with \$140 and an idea, which spread to thousands of stores and doing business into hundreds of millions of dollars.

The idea spread to Continental Europe, not only in handling store merchandise, but also in handling credits and farm products. In fact, co-operation in agriculture developed almost everywhere except in England.

France also has agricultural co-operation which here is the backbone of a movement identified with co-operative production on a large scale. The agricultural movement is based on the "Syndicats Agricoles"; these are a sort of trade or labor union, consisting both of wage-earners and cultivators. These particular organizations cannot legally trade in their product, being organized primarily for the dissemination of information, but they can and do combine for the purchasing of requisites. Other societies were formed for marketing purposes, and the membership long ago ran into the hundreds of thousands.

Belgium and Italy both have co-operative societies; in the latter the most notable is the "Societa di lavoro"—co-operative labor gangs; they contract almost solely for labor, and have filled some large orders in many lands; among other things they drained the Campagna and built a railroad in Greece.

Of chief interest just now are the co-operative ventures of Ireland and Russia, both lands in which the economic problem is acute. Sir Horace Plunkett, for one, has always believed that agricultural co-operation would go far toward the salvation of Ireland, and the progress of the movement there as recorded by statistics goes a long way toward proving his contention.

From one solitary co-operative dairy, founded in 1889, the movement went well over 100,000 members in the first 20 years of its existence. The dairy societies usually pay nine-tenths of their profits to their members, and one-tenth to their employees. Other societies in Ireland took up the other branches of agricultural business until the movement became, and remains today, the most important single effort at the rehabilitation of the fortunes of the Irish farmer. Banks of the Raiffeisen type also exist there.

The Slavonic races have a natural instinct for co-operation, and in Russia, for example, the idea runs all the way from a transitory group of workmen undertaking to build a house to a permanent association of bank porters combined together to guarantee one another's honesty.

## An Extensive Program in Russia

**T**HE Co-operatives of Russia, however, as understood today—the organizations with which the Allies expect to do business—are a far-flung and closely-knit body, non-political in nature, but with a program far exceeding the mere buying and selling of product.

The Western European branches of the Russian Co-operatives embrace people of the most divergent political views. They will distribute to Bolshevik or non-Bolshevik. They claim absolute liberty in their actions, and assert that they have only one aim: supplying the needs of the whole population indiscriminately.

The declared aims of the Russian Co-operative

movement from its birth have been to further free education; to foster justice; to encourage fruitful labor; to restore Zemstvo self-government, which alone (they believe) can restore order in the provinces; to attract foreign capital to Russia for free and mutually advantageous co-operation in the development of Russia's vast natural resources; to protect Russia, at the same time, from exploitation by speculators and from economic subjection to rapacious capitalist syndicates, Russian or foreign; and to encourage every member of the community to take an equal share in the responsibility of upholding and promoting the prosperity of his country.

Today this powerful organization, numbering in its ranks practically every real producer in Russia, stands as the medium of exchange with outside commerce. Its arm of distribution is preparing to function, much as the (non-political) co-operative societies of Britain function; that is, it is for the moment an agency for selling or buying supplies on behalf of all Russians co-operatively. In its distribution it knows no party, and if Bolshevik or anti-Bolshevik diverts any consignment from its destination as indicated by the Co-operatives, then the Co-operatives will stop any further shipment to the offending party.

Nowhere in the world was the co-operative movement such an instinct as in Russia, and nowhere has it proved a greater fundamental success. The proof is that when everything else has failed it remains a stable agency ready to do business with the world and its members on fair terms.

Germany had a co-operative venture as early as 1848, when Friedrich Wilhelm Raiffeisen was burgo-master in Westerwald. The people were hopelessly ground down by debt to money-lenders, for small doles advanced to purchase stock, or meet times of difficulty.

Raiffeisen got the idea that by combining to borrow a moderate sum of money on their joint responsibility, afterward lending it out among themselves in small sums at a slightly greater rate of interest, the peasants might obtain some relief, and at the same time get the capital necessary to make their labor productive. So he set up a "Loan Bank," which was a great success. About 1880 the idea suddenly took wide hold

and thousands of such banks since that time have come into existence in many countries.

These are essentially neighborhood associations. Usually they receive savings deposits, as well as borrow. Sometimes a few of the members are well-to-do people, comparatively speaking, who join to help their neighbors by increasing the society's credit. Each bank confines its operations to a small area, where everyone knows everyone. Only members can borrow. Any member, however poor, can borrow for a profitable approved purpose; and no member, however rich, for any other. No bills, mortgages, or other securities are taken, except a note of hand, either alone or with one or two sureties.

The Raiffeisen banks of a district are federated in a union, and these, in turn, into a general agency. They boast that neither member nor creditor ever lost a penny through them and, until the war disturbed the economic system of all the European countries, the credit of the Raiffeisen banks was so high that they could borrow at very low rates, and with trifling expenses could re-lend to members often at five per cent. They have fulfilled their purpose, which was to meet the needs of the peasant, particularly the poorest ones.

There is another type of credit bank, the Schulze-Delitzsch, which, however, is more of a joint-stock proposition.

There are more than 30,000 co-operative credit societies, including building societies, in the world. They are in Italy, Hungary and Austria, as well as in America and Asia.

## Millions Now Interested in It.

**S**UMMING up, it is believed that membership in co-operative societies totals 8,000,000, representing easily with their families, 32,000,000 persons. And even these figures are admittedly conservative. Probably the co-operating population is much higher today.

In Canada, the co-operative societies among the farmers have been very successful, not only in a business way, but politically. The head of the co-operative society is now running the government in one province, as premier.

The United States has had some experience of the movement. Agricultural co-operation is well-known, although not so comprehensively as in Europe.

In fruit growing, Pacific Coast growers have operated successfully on the co-operative plan. But some other efforts have not met with the usual success. As far back as 1849, the Boston Tailors' Associative Union was formed, but was short-lived. One of the most successful ventures in this country was among the coopers of Minneapolis. In 1868 a few journeymen coopers thought they could manage industry for themselves; their success warranted the formation in 1874 of a strong organization known as the Co-operative Barrel Company, with a membership of 20 coopers who bought a shop for \$3,000, paying \$1,000 cash. The company prospered exceedingly.

Wherever sensibly operated co-operation—the elimination of the middleman—has been hugely successful, and, in addition to improving the condition of the worker, has given him something of an ideal to work for.

When the bricklayers of Manchester a few weeks ago astonished the country by suggesting they form a Building Guild and construct Manchester's much-needed houses, they were only, in effect, carrying forward the co-operative idea a logical step.

It is not state operation; it is not competition. It is the middle road.

## Farmers Organizing in America



(C) Keystone

**T**HE farmers of America are organizing more and more each year, not only for crop improvement, but also to better their market conditions both for buying and selling. They are also taking a deep interest in national and state affairs. The above is a picture of delegates to the National Board of Farm Organizations who met in Washington. They are: Lower row, left to right: Gifford Pinchot, Director N. B. F. O.; C. S. Barrett, President National Farmers' Union; J. H. Kimble, Secretary Farmers' National Congress; E. P. Cahill, Md. Agrl. Assn.; C. O. Drayton, President Farmers' Equity Union. Back row, left to right: J. W. Batcheller, President South Dakota Farmers' Union; Leroy Melton, Secretary Farmers' Equity Union; Dr. T. B. Symons, Md. State Agrl. College; Chas. Altman, Ex-Secretary N. B. F. O.